

D. MANAGING FOR RESULTS AND STRATEGIC PLANNING

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D.1. OVERVIEW

Managing for Results is a strategic, future-oriented approach to the deployment of resources to achieve meaningful results. The desired results are based upon identified needs of customers and stakeholders, and are used to improve the quality of programs and services.

MFR lays out a systematic approach to strategic planning in four phases that pose the following questions:

Where are we now?
Where do we want to be?
How do we get there?
How do we measure progress?

Using MFR to answer these questions in turn, the organization develops or confirms the mission and values that define what the organization is, what it does and why it does it. It articulates its vision for the future, sets goals and objectives to chart the direction and uses performance measures to measure progress. MFR also describes how to use strategies and action plans to achieve objectives. Using this approach, the organization develops its strategic plan - a written guide that directs its quality improvement efforts and resource allocation over a (four-year) period of time.

Because strategic planning is a team effort that builds consensus on the future direction of the organization, the process is more important than the resulting document.

To view the Managing for Results Guidebook on-line, go to the Department of Budget and Management web site <http://dbm.state.md.us>, click on Managing for Results and then click on Managing for Results Guidebook.

BACKGROUND

In May 1997, the Department published its first strategic plan – ***Moving Maryland Forward...Improving the Lives of Children and Families***. This plan laid the foundation and provided direction for moving human services into the new century. It provided guidance for developing a high performance organization and for achieving successful outcomes for customers.

The first Addendum to the plan was presented in October 1997. One of the strategic objectives identified for achieving high performance was to “*operate according to a statewide strategic plan with locally-tailored plans that address the unique needs of local department customers*”.

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Since that time, the Department adopted the DHR Management Model, based on the Maryland Management Model developed at the State level. The model depicts a management system that integrates the Strategic Planning process (MFR), the concepts and tools of Continuous Quality Improvement (CQI), the Employee Performance Evaluation Program (PEP), and the Budget process.

Local Departments of Social Services and central administrations have initiated strategic planning processes to further define their strategies for meeting statewide goals and for addressing the specific needs of their customers and stakeholders.

The Office of the Deputy Secretary for Planning (ODSP) is responsible for implementing the statewide 2002 – 2007 strategic plan. As a member of the Organizational Excellence Team, the Deputy Secretary works with that body to provide oversight and staff support for the strategic planning process, including annual assessments and updates to the plan. In line with this, the Department adopted priority management performance measures that include measurement of the *“number of strategic plans that are in place and operational”*. ODSP has responsibility for measuring and monitoring this performance measure. This management measure is used as part of the Executive Staff and Local Director’s annual performance evaluation through the PEP process.

On the following pages are criteria used to assess local department and central administration strategic plans. Guidelines identify specific actions for developing strategic plans and for assuring alignment with the statewide strategic direction. In addition, there is a template for initiating a strategic planning process.

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D.2. ROLES AND RESPONSIBILITIES FOR STRATEGIC PLANNING

Office of the Deputy Secretary for Planning	Central Administrations and Local Departments
<p style="text-align: center;">Technical Assistance</p> <ul style="list-style-type: none"> ➤ Advise on the structure of the Strategic Planning process ➤ Resource for benchmarks ➤ Meet with external strategic planning consultants to assure alignment with DHR Management Model and DHR's Vision, Mission, and Key Performance areas ➤ Provide facilitation services for strategic planning ➤ Provide funding ➤ Prepare administrations and local departments for MFR performance measure audits, working with OIG 	<p style="text-align: center;">Implementation</p> <ul style="list-style-type: none"> ➤ Notify ODSP when beginning the strategic planning process; notify ODSP when using an external strategic planning consultant to assure alignment with DHR Management Model; ensure staff engaged in strategic planning follow principles in the MFR Guidebook ➤ Complete activities and products described in the criteria for having a strategic plan in place and operational by a specific date ➤ Identify benchmarks for performance <p>Use objectives and performance measures from the strategic plan as a basis for annual budget requests; the strategic plan should drive the budget request</p>
<p style="text-align: center;">Training</p> <ul style="list-style-type: none"> ➤ Arrange specific training opportunities 	<p style="text-align: center;">Training</p> <ul style="list-style-type: none"> ➤ Assign staff person to serve as the performance officer/liaison/contact person and ensure that person attends facilitation training ➤ Schedule all staff for orientation to the DHR Management Model (facilitated by the performance liaison and/or ODSP staff) ➤ Identify need for MFR training and ensure registration and attendance of appropriate staff (UB training paid for by ODSP within limit of annual budgeted amount)
<p>Data gathering and reporting on status of strategic plans and MFR submissions</p> <ul style="list-style-type: none"> ➤ Design ODSP assessment "checklist" for review of strategic plans ➤ Provide assessments and feedback on strategic plans ➤ Provide input into annual PEP evaluations for Executive Staff and Local Directors in meeting the strategic plan management measure (<i>strategic plans in place and operational</i>) 	<p style="text-align: center;">Reporting</p> <ul style="list-style-type: none"> ➤ Send copy of final strategic plan to ODSP. This will assure that ODSP provides accurate and up-to-date input for annual performance evaluations (PEP) ➤ Provide to ODSP a copy of the annual review of the strategic plan that is sent to stakeholders. ➤ Provide to ODSP a copy of the annual written report to stakeholders on progress toward meeting goals and objectives (may be included in the agency's annual report).

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D.3. ODSP CRITERIA FOR ASSESSING STRATEGIC PLANS (ALIGNED WITH PEP)

The following is the list of criteria that the Office of the Deputy Secretary for Planning will use when assessing whether “*strategic plans are in place and operational*”, one of the Department’s priority management measures. Guidelines and references to assist the agency in meeting the criteria are also listed.

Criteria	Guideline	References
1. Organization has conducted an in-depth internal/external assessment within the last four years. The assessment is an analysis and evaluation of internal conditions and external factors that highlight the critical issues that the organization faces and that its strategic plan must address.	The in-depth internal/external assessment should be refreshed at least every 4 years. The assessment should include input from employees, customers, and stakeholders. The assessment should analyze and evaluate internal conditions and external factors that highlight the critical issues that the organization faces and that its strategic plan must address. The critical issues could include a variety of primary concerns, such as funding issues, new program opportunities, changing regulations, or changing needs in the client population.	MFR Guidebook pages 16-27 Section G2 of the CWLA Accreditation Standards
2. In addition, the organization conducts an annual review of the strategic plan that identifies on an annual basis any changes in the internal/external environment that may require a change in objectives or strategies.	Changes in the internal/external environment might include new or amended State laws, economic and budgetary increases or decreases, or feedback from customers, stakeholders, and staff.	
3. The critical issues that demand a response from the organization are reported in the strategic plan.	The organization should attempt to address an optimum of five but no more than ten critical issues.	MFR Guidebook pages 16-27
4. The mission statement clearly explains why the agency exists.	The Mission statement should answer the following: ➤ What does the organization do? ➤ By what means? ➤ Who are the organization’s customers?	MFR Guidebook pages 28-33
5. The mission statement is aligned with the DHR Statewide Mission.	Mission statements should be consistent with the DHR Statewide Mission: <i>We will aggressively pursue opportunities to assist people in economic need, provide prevention services, and protect vulnerable children and adults.</i>	MFR Guidebook pages 28-33 2002 – 2007 DHR Strategic Plan page 5
6. Goals, Objectives, and Strategies address the critical issues.	The Goals, Objectives, and Strategies should directly link to the critical issues. At an optimum, there should be 3 to 5 goals for one organization and 3 to 5 objectives for each goal.	
7. Goals are broad statements that describe desired outcomes. The	The objectives from the DHR Statewide Strategic Plan can be used as the basis for agency goals if	MFR Guidebook

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Criteria	Guideline	References
organization's goals should address <u>outcomes</u> for internal and external customers.	they address the critical issues identified in the local department or administrations internal/external assessment.	pg. 46-54
8. Goals are aligned with DHR key performance areas.	The key performance areas in the DHR Statewide Strategic Plan are High Performance, Independence, and Safety and Stability.	2002 DHR Statewide Strategic Plan
9. Objectives are measurable, time-limited, and mark progress toward achieving the goals.	<p>Objectives should be SMART:</p> <p>Specific – objectives should specify the results that are desired, but not how to accomplish them. All objectives should lead to specific strategies or actions. An objective should be detailed, understandable, and give clear direction to others.</p> <p>Measurable – an objective must be measurable so that achievement can be determined. Measurement helps track progress and is useful in evaluating the accomplishments of a program. Accountability should be built into the planning process.</p> <p>Attainable – objectives are standards for achievement. They should be challenging, but realistic and attainable. Objectives should be consistent with resources available.</p> <p>Results-Oriented – objectives should specify a result or outcome, not just an activity.</p> <p>Time-bound – a time frame should be specified for meeting objectives. Each objective should be attainable within a relatively short period of time, from a few weeks to a few years.</p>	<p>MFR Guidebook pg. 55-113</p> <p>Priority program and management measures can be found on the DHR Intranet at www.dhrnet.dhr</p>
10. An annual written report is provided to stakeholders on the progress toward meeting strategic goals and objectives.	<p>This report should be part of the organization's annual report. The progress report should be presented in some context, so that the reader can compare current performance levels with benchmarks such as:</p> <ul style="list-style-type: none"> - Performance levels the organization set as targets - Previous year performance levels - National or industry-wide standards <p>Such comparisons are most easily made when data is presented in graphic form.</p>	<p>Managing for Results Guidebook pages 114-116</p> <p>Article 88A – §13</p>

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D.4. CHECKLIST FOR REVIEW AND REPORTING OF STRATEGIC PLANS

This checklist is based on the criteria developed for meeting the Department's priority management performance measure "*strategic plans in place and operational*". It will be used by ODSP to evaluate the strategic plans of organizations within DHR and will be the basis of ODSP input in PEP evaluations for Executive Staff and Local Directors.

Agency: _____ **Date Prepared:** _____ **Prepared By:** _____

CRITERIA	EVIDENCE SUBMITTED	RATING*			COMMENTS
		F	P	N	
An internal and external assessment was conducted within the last 4 years	Separately reported or referenced in strategic plan (including date assessment was conducted)				
An annual review of the internal/external environment was conducted	Separately reported or referenced in annual report				
The strategic plan reports on the critical issues identified in the assessment	Final strategic plan				
The mission statement clearly explains why the agency exists	Final strategic plan				
The mission statement is aligned with the DHR Statewide Mission	Final strategic plan				
Goals, objectives, and strategies address critical issues	Final strategic plan				
Goals are broad statements that describe desired outcomes. The organization's goals should address <u>outcomes</u> for internal and external customers.	Final strategic plan				
Goals are aligned with DHR key performance areas	Final strategic plan				
Objectives are measurable, time-limited and mark progress toward achieving goals	Final strategic plan				
Annual written report on progress toward meeting goals and objectives is provided to stakeholders	Separately reported or referenced in annual report				

Legend* **F** = Criteria fully met **P** = Criteria partially met **N** = No evidence submitted

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D.5. TEMPLATE FOR THE STRATEGIC PLANNING PROCESS

The following template is provided to assist in the strategic planning process. It identifies the key activities, step-by-step, that must be accomplished to ensure a successful planning process and can be used to monitor and communicate progress to staff. The template uses the *Managing for Results Guidebook* as the basis for the strategic planning process and can be modified to meet an agency's unique needs. It should also be used in conjunction with the *Strategic Plan Criteria and Checklist*.

Individual organization strategic plans should be aligned with the State's Strategic Plan and the DHR statewide Strategic Plan and support the accomplishment of DHR's goals in the key performance areas – **High Performance, Independence, and Safety and Stability**.

Agency _____

Strategic Planning Process Team Leader _____

ACTIVITY	STAFF	TIMELINE	STATUS
Establish Strategic Planning Team <ul style="list-style-type: none"> - Provide orientation to DHR Management Model - Identify team leader - Set roadmap with timeline - Set ground rules - Identify communication process 			
Conduct Internal Assessment to identify needs and priorities <ul style="list-style-type: none"> - Review values assessment results for relevant information - Conduct employee focus groups - Review employee feedback survey 			
Conduct External Assessment to identify needs and priorities <ul style="list-style-type: none"> - Conduct current environmental scan - Identify trends that might describe the future environment - Identify key stakeholders - Conduct Stakeholder Forums/focus groups 			
Compile and analyze information from internal and external assessments and identify critical issues			
Develop/review Vision and Mission or adopt Statewide Vision/Mission			
Develop/review Guiding Principles/Values or adopt Statewide Principles/Values			
Develop goals that address critical issues (3 –5 goals)			
Develop objectives for each goal (3 –5 objectives per goal) and identify benchmarks to establish performance targets			

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ACTIVITY	STAFF	TIMELINE	STATUS
Develop a formal, written strategic plan document; at a minimum, the document should include Mission, Vision, Guiding Principles/Values, Goals and Objectives; it may also include performance measures and strategies			
Identify process for printing and distribution of document			
Identify process for annual review of plan			
Identify process for annual communication on progress to stakeholders and employees (Annual Report)			
<p>Develop performance measures for each objective. Measures include:</p> <ul style="list-style-type: none"> - input measures - output measures - quality measures - outcome measures (these are required) <p>Performance measures are quantified indicators that let you know if you are meeting goals and objectives</p>			
Establish baselines for each performance measure			
Develop strategies for each objective. Strategies are a specific course of action that will be undertaken to accomplish goals and objectives; they should reflect budgetary and other resources.			
Develop action plans (operating plans) for each strategy			
Develop system for tracking, monitoring, and reporting (on a quarterly basis) progress toward achieving goals. Comparisons of actual performance to targets should be conducted on a periodic basis.			
Based on the results of tracking and monitoring, set up improvement teams for specific issues (refer to CQI Guidebook)			

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D.6. THE DHR BALANCED SCORECARD

The Balanced Scorecard was introduced, in 1992, by Bob Kaplan and David Norton at the Harvard Business School for the purpose of providing organizations with a comprehensive tool to monitor organizational performance. In the January-February 1992 issue of Harvard Business Review, Kaplan and Norton write, “Think of the Balanced Scorecard as the dials and indicators in an airplane cockpit.” Kaplan and Norton introduced the concept for use in the private sector as they observed that businesses’ one-dimensional focus on financial results was hindering their ability to “create future economic value.” In focusing solely on financial results, executives were often “blindsided” by other performance areas. The Scorecard was designed to provide a balanced view of the organization from four different perspectives:

- How do our customers see us? (customer perspective)
- What must we excel at? (internal perspective)
- Can we continue to improve and create value? (innovation and learning perspective)
- How do we look to our shareholders? (financial perspective)

Kaplan and Norton encourage organizations to customize the scorecard to meet their organizations’ needs, and this management tool has been successfully adapted and used, not only by a wide variety of private sector companies, but also by public sector organizations at the federal, state, and local level.

Description and Application

Public Sector models of the Balanced Scorecard have included three to five of the following perspectives (in varying nomenclature or in combination):

- | | |
|--|------------------------------------|
| • Mission | • Internal Processes/Operations |
| • Enablers (Competency, Technology, Climate) | • Economic/Financial |
| • Learning (Skills, Knowledge, Data, People) | • Social |
| • Environmental | • Users/Customers and Constituents |

The Scorecard is used to:

- Align goals within the organization to strategies and strategic objectives
- Align and focus the efforts and resources of the organization
- Communicate priorities and strategies throughout the organization
- Monitor progress and introduce initiatives to improve performance

The Balanced Scorecard effectively links to the sectors of the DHR/Maryland Management Model. The Strategic Plan provides the priorities for measurement; the Scorecard results are key to directing CQI processes and determining Budget allocation; PEP results provide data on employee performance, development, and satisfaction for use in directing improvement targets. The Scorecard does not attempt to supplant other measurement systems but to coordinate and align them. Executives are then better able to determine effective and non-effective measures and take action accordingly. From their successful integration of the Balanced Scorecard, Washington State describes these linkages in the following manner: ***“The strategic plan drives the Balanced Scorecard. The Scorecard shapes implementation. Operational results provide data for the Scorecard, which validate or suggest changes to ongoing operations. Implementation of the initiatives***

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and programs growing out of the strategic plan also provide experience and data for dialog among executives and managers. Finally, these experiences, learnings, and results feed back into the creation of the next strategic plan.” The perspectives of the Scorecard also correspond to the DHR Criteria for Performance Excellence (Baldrige). In addition, benchmarking can assist every quadrant of the Balanced Scorecard.

Implementation

The National Partnership for Reinventing Government report of August 1999 lists these best practices for implementation from the public sector agencies studied:

- Select a results-oriented set of measures that balance organizational high performance, customers, processes, and employees.
 - Define what measures mean the most
 - Commit to initial change
 - Maintain flexibility
- Establish accountability at all levels of the organization
 - Lead by example
 - Cascade accountability
 - Keep the employee and the customer informed
 - Make accountability work
- Collect, Use, and Analyze Feedback and Performance Data

Scorecards are recommended for use at different levels of the organization as this can help to align performance measures and support implementation.

Benefits

Other literature on the Balanced Scorecard approach indicates the following potential benefits:

- Refines appropriate performance measures
- Provides management with a comprehensive view of the organization’s performance
- Facilitates organization-wide communication of strategies and objectives
- Assists in appropriate allocation of resources
- Provides a mechanism that encourages feedback and learning in the quest for continuous improvement
- Helps to drive improvements in management information systems and procedures

DHR Roll-Out Plan

- ODSP develop draft balanced scorecard for executive review (completed)
- Leadership Team review and recommendation (completed)
- ODSP refine Scorecard (completed)
- Executive Staff orientation (completed)
- ODSP work with MFR Coordinators on measures (on-going)
- Coordinate with Communications/“Connect-the-Dots” to develop communications strategy
- Executive Staff training on use of Scorecard
- ODSP design orientation package
- Incorporate in DataStat; CIS Reporting System; Critical Goals etc.

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DHR BALANCED SCORECARD

